



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

November 27, 2019

Mr. Chris Kolb  
Director, State Budget Office  
111 S. Capitol Avenue  
Lansing, MI 48933

Dear Mr. Kolb:

Sections 903(3) and 930(2) of Public Act 207 of 2018 require that the Department of Treasury report by November 30, 2019 on the collection of unpaid taxes and other accounts due to the State of Michigan for the immediately preceding fiscal year.

Section 903 authorizes the Department of Treasury to contract with private collection agencies to collect unpaid taxes and other accounts due the State of Michigan. The main contractor to the Michigan Department of Treasury for collection services is GC Services L.P. (GC). GC collects tax assessments and state agency debts. The costs associated with the GC contract are stipulated in contract #071B0200101 and includes both collection incentive fees and reimbursement of certain operating expenses. GC is paid a collection incentive fee of 11.61% on actual tax and state agency debt collections. Attached is Chart A, which provides a breakdown of the tax debts collected by GC by tax type and the state agency debts collected for each state agency.

In Fiscal Year 2019, there were no collections made by private attorneys on behalf of the Attorney General and the Michigan Department of Treasury.

Below is a schedule detailing the contracted entity, amounts collected, and the costs of collection.

**SECTION 903**

<u>CONTRACTOR</u>	<u>TYPE OF DEBT</u>	FY 2019 <u>COMMISSION COLLECTIONS</u>	<u>COST</u>
GC Services L.P.	TAX	\$107,397,652.22	\$20,118,022.48
	NON-TAX	10,529,263.06	1,990,296.01
<b>GRAND TOTAL</b>		<b>\$117,926,915.28</b>	<b>\$22,108,318.49</b>

Section 930 requires the Department of Treasury to provide accounts receivable collection services for other principal executive departments and state agencies pursuant to Public Act 375 of 1927, as amended (Michigan Compiled Laws 14.131 to 14.134). Section 930 also provides that the Department of Treasury report on the principal executive departments and state agencies served, funds collected, and the costs of collection. Attached is Chart B which details the amounts collected by the Department of Treasury for each state department or agency and the costs of collection. The collection amounts in Chart B do not include the amounts collected by GC indicated in Chart A. Below is a summary of the amounts collected and the costs of collection for both GC and the Michigan Department of Treasury on behalf of the state departments and agencies.

Mr. Chris Kolb, Director

Page 2

November 27, 2019

**SECTION 930**

	<u>FY 2019</u> <u>COLLECTIONS</u>	<u>COST</u>
GC Services L.P.	\$10,529,263.06	\$1,990,296.01
Department of Treasury	6,568,270.10	825,062.09
<b>GRAND TOTAL</b>	<b>\$17,097,533.16</b>	<b>\$2,815,358.10</b>

If you or your staff desire additional information, please contact Lynn Boyes, Director of the Collection Services Bureau at (517) 636-5300.

Sincerely,



Ann E. Good  
Deputy State Treasurer

Enclosures

cc: Rachael Eubanks, State Treasurer  
Lynn Boyes, Director, Collection Services Bureau  
Ken Osborne, Treasury Budget Director

CHART A

COLLECTION SERVICES CONTRACTOR: GC SERVICES L.P.

FISCAL YEAR ENDED 9/30/2019

TAX DEBT	COMMISSION COLLECTIONS
INDIVIDUAL INCOME	\$52,589,940.86
SALES	20,013,637.54
SINGLE BUSINESS	2,051,215.83
WITHHOLDING	11,545,206.95
USE	7,008,632.95
MOTOR FUEL	246,894.19
TOBACCO	148,813.35
MICHIGAN BUSINESS RETALIATORY	381.02
HOMESTEAD PROPERTY	279,519.94
MOTOR CARRIER	1,354.56
CAR LOANING	8,987.50
CONVENTION FACILITIES	39,639.41
ENVIRN PROTECT REG	0.00
PUBLIC UTILITIES	10,721.58
ACCOUNTS RECEIVABLE	1.76
REAL ESTATE TRANSFER	457.13
DETROIT INCOME TAX	5,625,662.26
DETROIT CORPORATE TAX	270,503.27
DETROIT WITHHOLDING TAX	399,709.66
INTANGIBLES	0.00
UNCLAIMED BOTTLE DEPOSIT	1,100.00
MICHIGAN BUSINESS	4,394,492.29
HICA	62,767.68
CORPORATE INCOME	2,554,175.70
CORPORATE INCOME RETALIATORY	0.00
FLOW THRU WITHHOLDING	143,836.79
ESTATE	0.00
TOTAL TAX	\$107,397,652.22

NON-TAX DEBT	COMMISSION COLLECTIONS
AGRICULTURE	\$1,243.22
ATTORNEY GENERAL	0.00
CORRECTIONS	749,782.32
EDUCATION	6,107.94
ENVIRONMENTAL QUALITY	20,363.73
HOUSING & DEVELOPMENT AUTHORITY	208,011.56
HEALTH & HUMAN SERVICES	2,418,689.55
INSURANCE & FINANCIAL SERVICES	467.60
LICENSING & REGULATORY AFFAIRS	242,626.53

LOTTERY	87,068.57
MICHIGAN ECONOMIC DEVELOPMENT CORP	146,711.23
MILITARY & VETERAN AFFAIRS	0.00
NATURAL RESOURCES	5,686.21
STATE	189,421.69
STATE EMPLOYER	338,264.23
TECHNOLOGY, MANAGEMENT & BUDGET	219,837.07
TRANSPORTATION	30,854.71
TREASURY	1,240,107.83
CENTRAL MICHIGAN UNIVERSITY	649,094.32
EASTERN MICHIGAN UNIVERSITY	769,985.56
FERRIS STATE UNIVERSITY	652,202.94
GRAND VALLEY STATE UNIVERSITY	356,795.75
LAKE SUPERIOR STATE UNIVERSITY	51,873.03
MICHIGAN TECHNOLOGICAL UNIVERSITY	23,818.43
NORTHERN MICHIGAN UNIVERSITY	280,879.09
OAKLAND UNIVERSITY	873,872.51
SAGINAW VALLEY STATE UNIVERSITY	2,046.08
5th DISTRICT COURT	39,286.98
37C DISTRICT COURT	144,465.94
37W DISTRICT COURT	602,094.19
42-1 DISTRICT COURT	15,269.44
42-2 DISTRICT COURT	39,094.11
43A DISTRICT COURT	121,562.79
50 DISTRICT COURT	551.00
54A DISTRICT COURT	1,126.91
	<hr/>
TOTAL NON-TAX	\$10,529,263.06

**CHART B**  
**DEPARTMENT OF TREASURY'S**  
**STATE AGENCY COLLECTIONS**  
**FISCAL YEAR ENDED 9/30/2019**

AGENCY	COLLECTIONS	COSTS
AGRICULTURE	-\$3,371.81	-\$107.34
ATTORNEY GENERAL	\$1,748.99	\$0.00
CORRECTIONS	\$554,958.17	\$65,793.15
EDUCATION	\$4,664.84	\$543.23
ENVIRONMENTAL QUALITY	\$12,929.43	\$1,678.85
HOUSING & DEVELOPMENT AUTH	\$174,923.48	\$19,309.97
HEALTH & HUMAN SERVICES	\$2,272,022.34	\$231,282.26
INSURANCE & FINANCIAL SERVICES	\$2,753.61	\$162.43
LICENSING & REGULATORY AFFAIRS	\$70,876.07	\$16,055.99
LOTTERY	\$28,837.88	\$5,844.73
MICHIGAN ECONOMIC DEV CORP	\$12,321.81	\$8,019.44
MILITARY & VETERAN AFFAIRS	\$0.00	\$0.00
NATURAL RESOURCES	\$20,523.36	\$1,321.65
STATE ( see footnote below )	-\$166,731.43	\$7,885.66
STATE EMPLOYER	\$98,698.78	\$0.00
TECHNOLOGY, MGMT & BUDGET	\$46,360.49	\$13,423.34
TRANSPORTATION	\$12,607.20	\$2,161.92
TREASURY	\$521,959.85	\$72,168.59
CENTRAL MICHIGAN UNIVERSITY	\$326,981.40	\$49,219.82
EASTERN MICHIGAN UNIVERSITY	\$582,929.80	\$68,222.43
FERRIS STATE UNIVERSITY	\$326,572.16	\$49,355.94
GRAND VALLEY STATE UNIVERSITY	\$148,939.45	\$25,502.32
LAKE SUPERIOR STATE UNIVERSITY	\$41,751.99	\$4,721.16
MICHIGAN TECHNOLOGICAL UNIVERSITY	\$12,388.29	\$1,825.77
NORTHERN MICHIGAN UNIVERSITY	\$154,333.48	\$21,946.13
OAKLAND UNIVERSITY	\$479,166.30	\$68,228.65
SAGINAW VALLEY STATE UNIVERSITY	\$2,945.81	\$251.72
5th DISTRICT COURT	\$24,163.42	\$3,199.56
37C DISTRICT COURT	\$135,557.68	\$14,120.54
37W DISTRICT COURT	\$557,950.02	\$58,496.66
42-1 DISTRICT COURT	\$8,022.49	\$1,174.52
42-2 DISTRICT COURT	\$13,245.41	\$2,639.28
43A DISTRICT COURT	\$80,716.02	\$10,200.16
50th DISTRICT COURT	\$2,194.30	\$138.44
54A DISTRICT COURT	\$4,329.02	\$275.12
<b>TOTAL</b>	<b>\$6,568,270.10</b>	<b>\$825,062.09</b>

NOTE: The collections indicated above are the amounts collected by the Department of Treasury's Collection Services Bureau on behalf of the state agencies and do not include amounts collected by GC Services L.P. These figures may include adjustments, credits, or refunds. Adjustments, credits, or refunds may include collection amounts from a prior fiscal year. The costs indicated above reflect the overhead expense of the Collection Services Bureau on all commissionable collections.

DEPARTMENT OF STATE: The Driver Responsibility Law Program officially ended on October 1, 2018. The negative amount primarily reflects refunds made in FY 2019 as a result of court orders reducing the initial violations in cases where payments had been previously made by the debtor and refunds were warranted.